The Economic Impact of Travel

EXECUTIVE SUMMARY

Colorado

2020

June 2021

PREPARED FOR

Colorado Tourism Office

Insights with integrity

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The Economic Impact of Travel in Colorado

2020

EXECUTIVE SUMMARY

Colorado Tourism Office

June 2021

PRIMARY RESEARCH CONDUCTED BY
Dean Runyan Associates
811 SW 11th Avenue Suite 930
Portland, Colorado 97205

Table of Contents

State Impacts

Key Statistics

State Impacts / Key Statistics

State Travel Impacts

36.3% Decrease in Travel Spending

Total direct travel spending in the state declined 36.3% from $24.2 billion in 2019 to $15.4 billion in 2020.

38,200 Jobs Lost

Employment directly related to travel declined by 20.3% from an average of approximately 187,700 jobs in 2019 to 149,500 jobs in 2020.

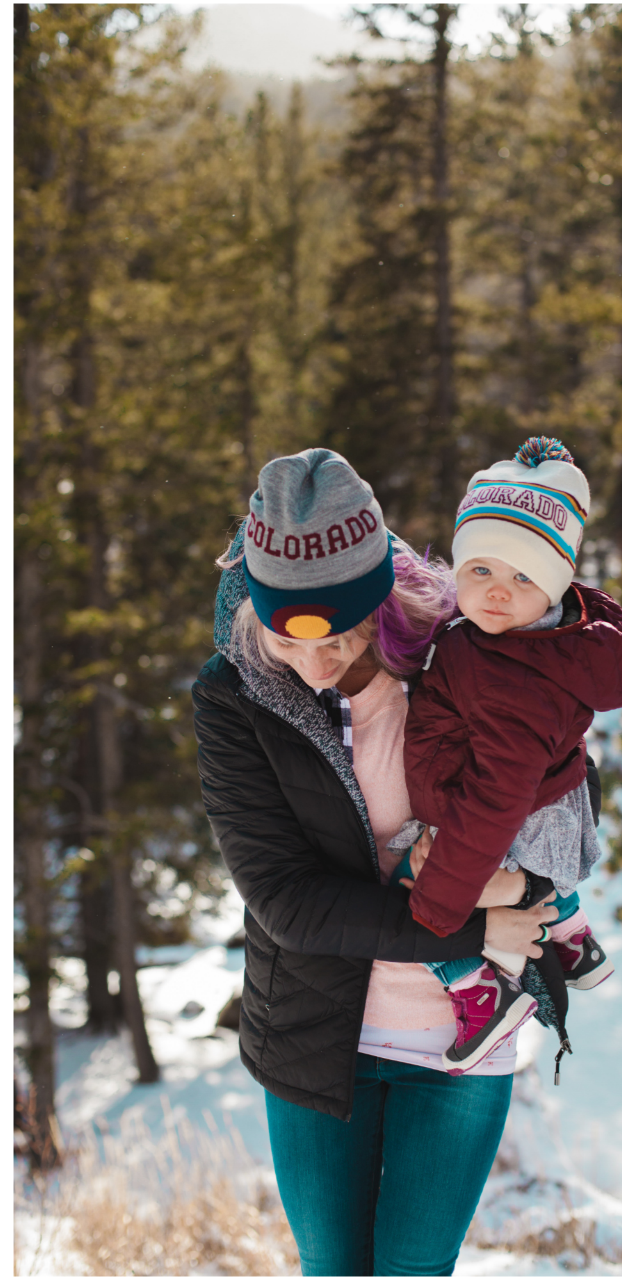
12.7% Reduction in Travel Earnings

Earnings directly related to travel declined by 12.7% from $7.6 billion in 2019 to $6.7 billion in 2020.

31.5% Decrease in Tax Revenue

Taxes directly related to travel declined by 31.5% from approximately $1.5 billion in 2019 to $1.0 billion in 2020.

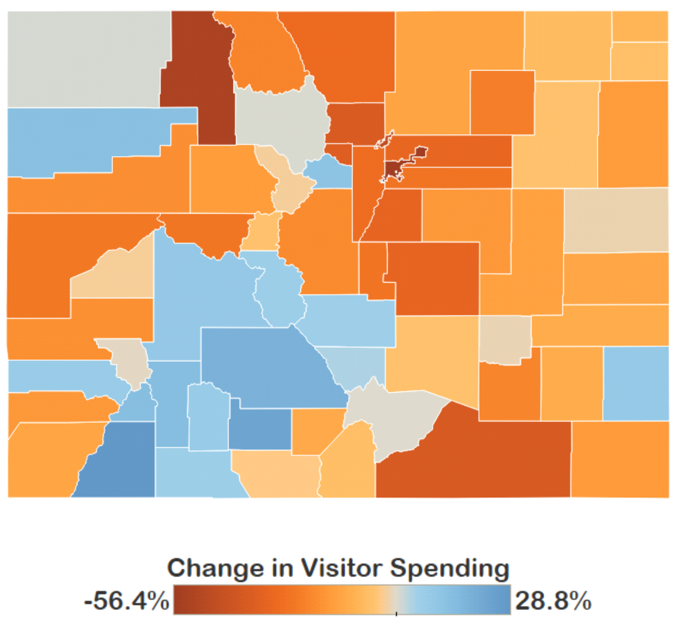
These estimates for Colorado are subject to revision as more complete source data become available. The year 2020 was characterized by higher than usual data variability; this can lead to larger than normal revisions.

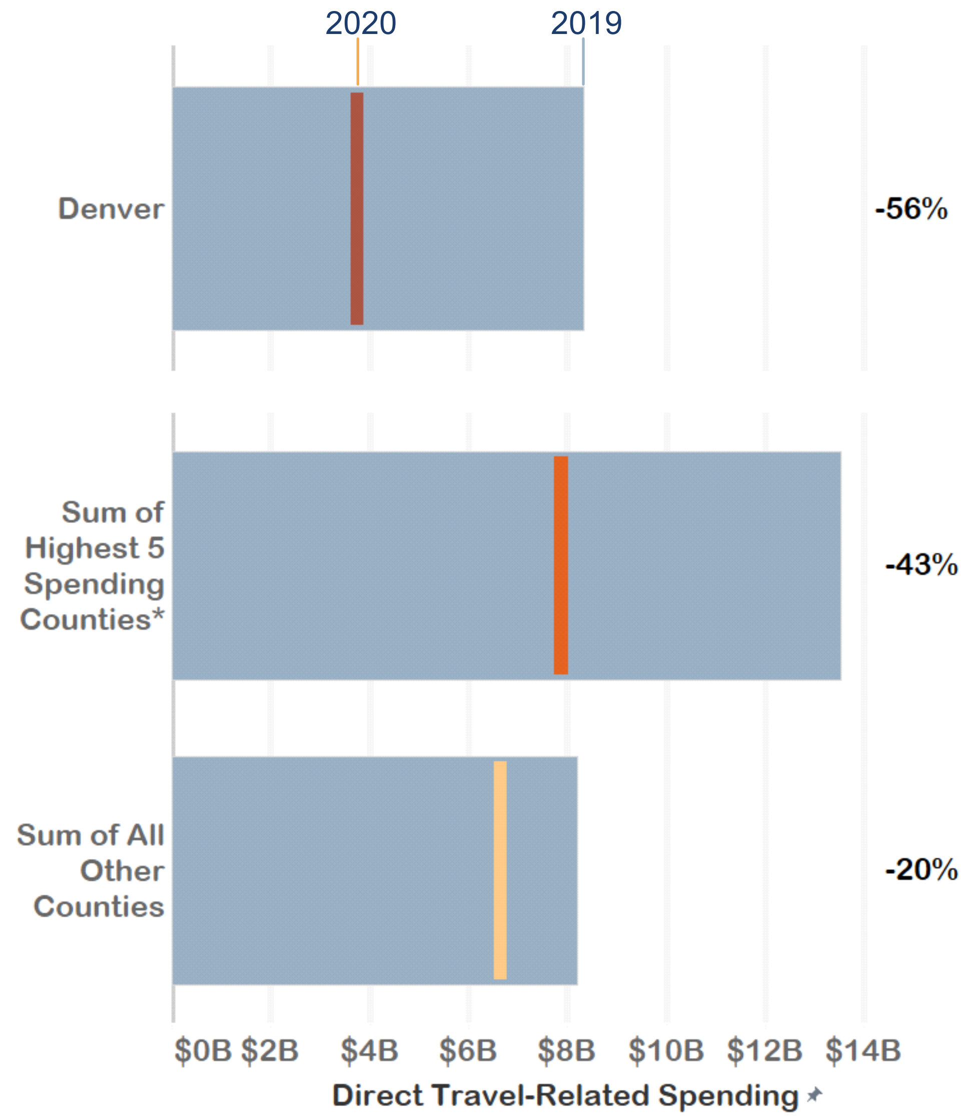


State Impacts / Key Statistics

Regional Visitor Spending

2020 was a challenging year for Colorado's travel industry. Statewide actions to limit the spread of the COVID-19 virus began in March 2020 and were in effect to some degree for most of 2020. **Colorado received an estimated $15.4 billion in direct travel-related spending in 2020, 36.3% lower than in 2019.** Spending growth was unaffected or even positive in much of Southwest Colorado. Denver County and its surrounding counties saw especially large losses in visitor spending, however.





*Note: The five counties with the highest visitor spending in Colorado in 2020 in order are: Denver, Summit, El Paso, Eagle, and Arapahoe.

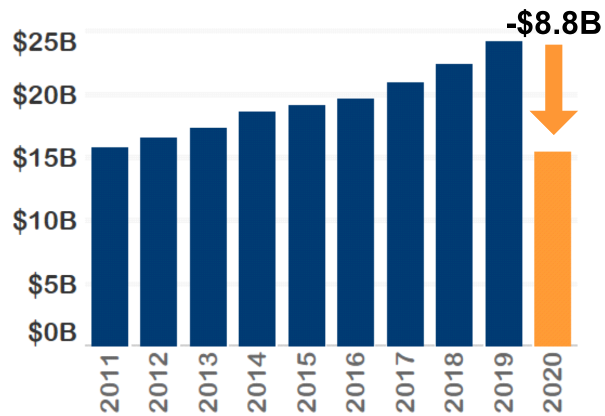
State Impacts

Key Statistics

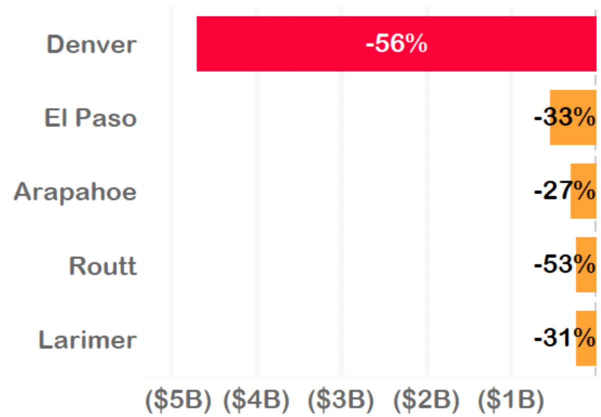
Spending

Total Direct Travel Spending

Total direct travel spending decreased by $8.8 billion in 2020.



Denver County alone lost $4.7 billion in spending.



Colorado Travel Spending

In 2020, statewide direct travel spending dropped to $15.4 billion, a 36.3% decrease from 2019 levels.

From 2011-2019, Colorado travel-related spending grew at an average annual growth rate of 5.5%.

Denver County

Denver County accounts for approximately a quarter of all travel-related spending in the state of Colorado. Denver County's 56% loss in travel spending is significantly higher than the statewide average of 36.3%. El Paso, Arapahoe, Routt, and Larimer Counties also experienced high levels of absolute spending losses.

Direct Destination Spending
+ Other Spending
=
Total Direct Travel Spending

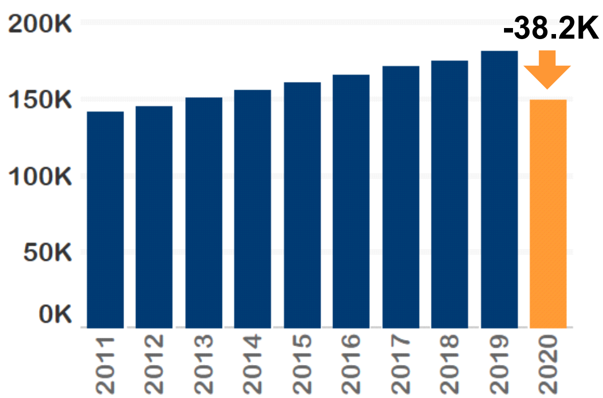
What is total direct travel spending?

Total direct travel spending includes both direct destination spending (94% of total) and other spending (6% of total). **Direct destination spending** refers to all spending on goods and services by visitors at the destination. **Other spending** refers to expenditures at travel arrangement companies located in Colorado, convention and trade show operations, and spending on air by residents to leave the state for travel elsewhere. These expenditures directly support the travel industry in Colorado but are not considered visitor spending in our methodology.

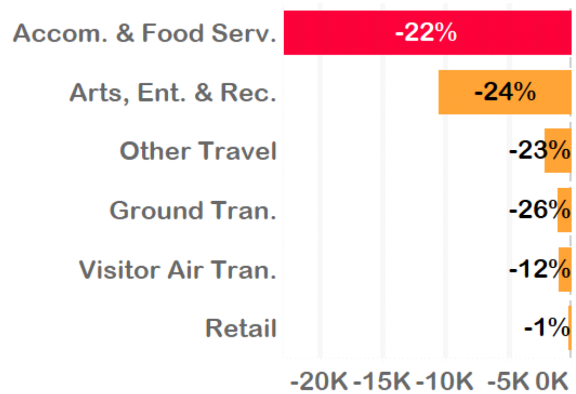
Employment

Direct Travel-Related Employment

Direct travel-related employment decreased by 38,200 in 2020.



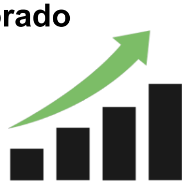
Employment in Accommodations and Food Services lost 23,100 jobs.



Colorado Travel Employment

In 2020, statewide direct travel-related employment dropped to approximately 149,500, a 20.3% decrease from 2019 levels.

From 2011-2019, Colorado travel-related employment grew at an average annual growth rate of 3.6%.



Travel Industry Breakout

The greatest overall job loss came from Accommodations and Food Services, which lost an estimated 23,100 jobs. Ground Transportation, as well as Arts, Entertainment, & Recreation and Other Travel (resident air travel leaving the state and travel arrangement services) also experienced sharp year over year percentage decreases.

*Note: The relationship between spending and employment is generally about 7 or 8 jobs to $1m spent. The COVID pandemic changed the relationship to approximately 10:1, as many businesses retained their employees despite difficult economic conditions.

What is direct travel-related employment?

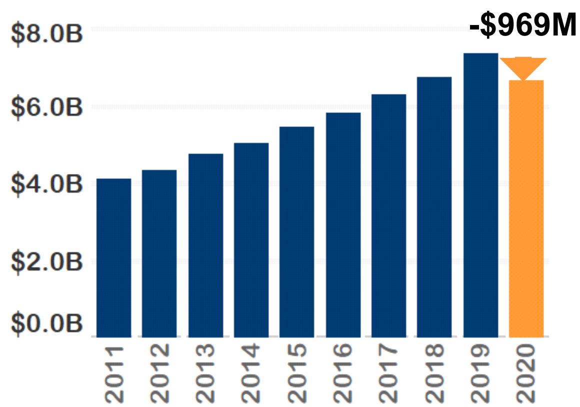
Direct travel-related employment refers to the total number of full and part-time jobs directly attributable to travel spending. While few jobs exist solely due to travel in Colorado, a significant share of many industries' earnings come from travel-related spending. Part of these earnings are used to pay employees in the form of income and benefits. Based on average salaries for employees in the various travel-related industries in Colorado, a total employment number attributable to travel can be reached.

In 2019, every **$1 million in travel-related spending** resulted in **7.5 jobs for the industry***.

Earnings

Direct Travel-Related Earnings

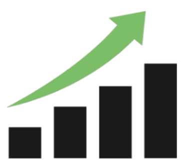
Direct travel-related earnings decreased by $969 million in 2020.



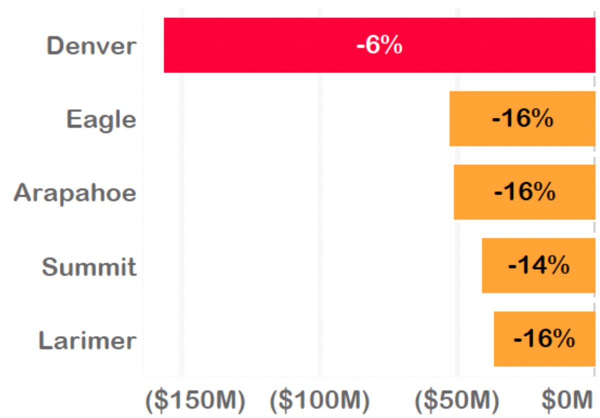
Colorado Travel Earnings

In 2020, statewide travel-related earnings dropped to $6.7 billion, a 12.7% decrease from 2019 levels.

From 2011-2019, Colorado travel-related earnings grew at an average annual growth rate of 8.0%.



Large counties lose a combined $429 million in 2020.



Earnings by County Size

Denver, Eagle, Arapahoe, Summit, and Larimer Counties accounted for 44% (or $429M) of the total loss in travel-related earnings in Colorado for 2020.

(Revenue - Cost of Goods Sold - Expenses - Taxes)

=

Earnings

What are direct travel-related earnings?

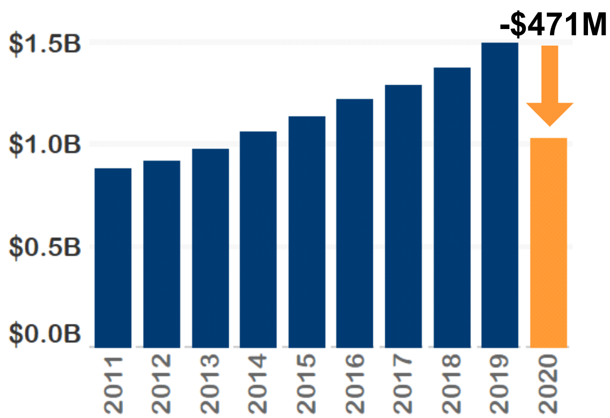
Direct travel-related earnings represent the total after-tax net income from travel. It includes wage and salary disbursements, proprietor income, and other earned income or benefits.

Earnings are an important measure of the benefit of the travel industry that flow to proprietors and employees. Because the travel industry is highly labor intensive, much of travel-related earnings flow to the working class in the form of wages as opposed to owners of capital and intellectual property assets.

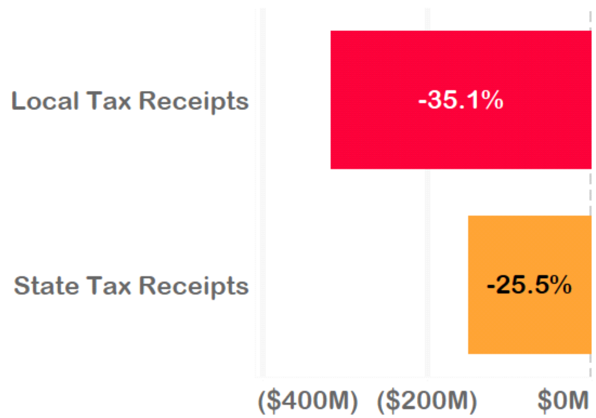
Tax Receipts

Direct Travel-Related Tax Receipts

Direct travel-related tax receipts decreased by $471 million in 2020.



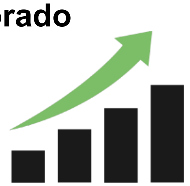
Local taxes were severely impacted



Colorado Tax Receipts

In 2020, direct travel-related tax receipts dropped to $1.0 billion, a 31.5% decrease from 2019 levels. This tax amount is composed of $439 million in state taxes and $588 billion in local taxes.

From 2011-2019, Colorado travel-related tax receipts grew at an average annual growth rate of 7.2%.

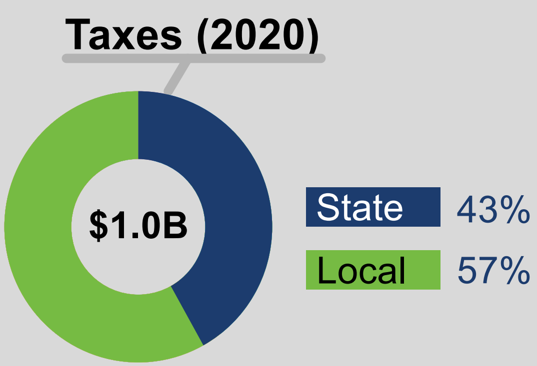


Local Taxes

Local taxes experienced deep cuts (-$318M) in 2020 as a result of decreased travel spending. The number of visitors staying in commercial lodging was down by a significant margin in 2020, thus affecting the local lodging taxes typically generated from visitor stays. Lodging tax receipts are important to county budgets, funding the promotion and development of county assets to spur economic development.

What are direct travel-related tax receipts?

Direct travel-related tax receipts include state and local taxes related to travel. **State taxes** include lodging taxes and motor fuel taxes, as well as business taxes and personal income taxes paid by employees and proprietors of travel-related businesses. **Local taxes** primarily take the form of lodging taxes imposed by cities, counties, and other tax jurisdictions in Colorado.



Dean Runyan Associates

Dean Runyan Associates (DRA) has offered insightful travel and tourism research since 1984. Our experts assist clients in market research, planning, and economic analysis for travel, tourism, and recreation projects.

Deanrunyan.com / info@deanrunyan.com